



COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM



Revised July 2003

CITY OF SANTA BARBARA

Community Development Block Grant

Subgrantee Agency

Administrative Manual

CITY COUNCIL

Marty Blum, Mayor
Rusty Fairly
Babatunde Folayemi
Gregg A. Hart
Roger Horton
Iya Falcone
Dan Secord

COMMUNITY DEVELOPMENT/HUMAN SERVICES COMMITTEE

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Bryan R. Smith, Downtown Neighborhood
Ella Surman, African-American Community
Josephine Tapia, Lower Westside Neighborhood
Barbara Tzur, Eastside Neighborhood
Catherine Woodford, Housing Authority Commission
Lucinda Young, Westside Neighborhood

STAFF

Paul Casey, Community Development Director
David K. Gustafson, Assistant Community Development Director
Mark V. Taylor, Community Development Programs Supervisor
Sue Gray, Community Development Programs Specialist
Linda Dunn, Senior Office Specialist

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SECTION I. INTRODUCTION

A. Purpose

Welcome to the City of Santa Barbara's Community Development Block Grant (CDBG) program. We appreciate the important community services provided by CDBG funded subrecipients. The Community Development Department is committed to helping you maximize the use of CDBG funds and to ensure compliance with CDBG program regulations and related federal statutes.

As a subrecipient in the City of Santa Barbara's Community Development Department (CDD) CDBG program, you have agreed to not only provide the services indicated in your contract, but to comply with the CDBG program requirements and responsibilities as established by the U.S. Department of Housing and Urban Development (HUD), as well as those established by the City of Santa Barbara. This manual has been developed to help facilitate your understanding of these requirements.

The procedures spelled out in this manual are critical to a subrecipients's ability to comply with CDBG program requirements. For example, a non-profit agency may be providing highly effective public services to its low-income clientele; however, without proper record keeping, effective financial management and complete documentation of allowable expenses and activities, the use of CDBG funds cannot be justified. This manual is designed to show you how to conduct CDBG funded services that are eligible under the federal rules and are consistent with the City Contract.

The financial, accounting, internal control, and reporting principles presented in this manual are basic, and are not intended to replace acceptable existing procedures used by your agency. Instead, these fundamental requirements represent *minimum* procedures and controls that must be embodied within your accounting, internal control, and financial reporting system as required by Federal regulations and City policies.

Your contract with the City will contain a comprehensive statement of the goals, objectives, and specific services to be provided by your agency. Also, the contract will specify the reports and documentation required for verification of contract compliance. This manual is meant to assist your agency in complying with the provisions of the Contract, but should not be used in lieu of reading the articles of the Contract. Should there be any disagreement between your Contract and this manual, the provisions contained within the Contract will take precedence. Also, unless specified otherwise, CDD shall have the authority to represent the City regarding the terms and conditions of your contract.

B. Community Development Block Grant Program

In 1974 the federal government enacted the Federal Housing and Community Development Act. Title I of this Act combined several previous categorical programs

into a single program named the “Community Development Block Grant” (CDBG) program. Congress designed the CDBG program to enhance and maintain viable urban communities. The CDBG program accomplishes these goals by providing decent housing, suitable living environments and expanded economic opportunities, principally for low and moderate-income persons. The U.S. Department of Housing and Urban Development (HUD), administers the CDBG program through grants to local and state jurisdictions.

The City of Santa Barbara participates in the CDBG program as an “Entitlement City” and is the “recipient” of annual CDBG funding. Agencies that receive subgrants of CDBG funds are defined by HUD as “subrecipients”. At its discretion, the City of Santa Barbara will use these federal funds to assist eligible projects to meet local community development needs. Under CDBG regulations, assisted projects must serve or be located in the incorporated portion of the City.

C. Eligible Activities

Federal regulations limit the kinds of activities that the City may carry out with its CDBG funds. The regulations governing the CDBG program provide detailed eligibility requirements. In general, a project may be undertaken when three requirements are met.

1. First, the type of the project must be included within the list of eligible activities in the CDBG regulations. The CDBG regulations also list activities that are explicitly ineligible. Additionally, maintenance and operation expenses and equipment purchases are ineligible except as part of an eligible public service. Ineligible projects also include construction of buildings used for the general conduct of government.
2. A CDBG project must meet at least one of three national objectives. The project **must principally serve low and moderate-income persons, eliminate slums and blight, or address a recent and urgent health and safety need.**
3. Finally, the project must be consistent with the community development objectives and strategies outlined in the City’s Consolidated Plan.

D. Federal Regulations

The key Federal regulations, which form the basic administrative requirements of the CDBG program, are summarized in this section to provide a framework for the standards referenced throughout this manual. The regulations have been developed by HUD in order to carry out the federal statutes that established the CDBG program. The regulations address the CDBG program itself, and other federal laws or policies relevant to the CDBG program (e.g. National Environmental Policy Act, Americans With Disabilities Act, Davis-Bacon Act, etc.). The acronym “CFR” stands for Code of Federal Regulations.

1. CDBG Program Management Regulations

The basic program regulations governing management and financial systems for the CDBG program are promulgated by the federal government in 24 CFR Part 570, Subparts J and K. They are applicable both to grantees (i.e., the City) and to public or private sector subrecipients:

- a. Subpart J (24 CFR 570.500 – 570.513) covers the general responsibilities for grant administration, including uniform administrative requirements, provisions of subrecipient agreements, program income, use of real property, record-keeping and reporting, and closeout procedures.
- b. Subpart K (24 CFR 570.600 – 570.614) deals with other CDBG program requirements, including civil rights, labor standards, environmental standards, flood insurance, relocation, displacement, acquisition, employment and contracting opportunities, lead-based paint, use of debarred, suspended or ineligible contractors, uniform administrative requirements and cost principles, conflicts of interest and the Americans With Disabilities Act.

2. General Federal Requirements

In addition to the basic regulations of the CDBG program contained in 24 CFR Part 570, there are three other categories of requirements that affect the administrative systems and procedures that subrecipients must have in place in order to receive support:

- Federal regulations governing administrative and audit requirements for grants and cooperative agreements (governmental subrecipients) for which HUD has oversight responsibilities;
- Administrative circulars from the Office of Management and Budget (OMB) and Department of the Treasury governing cost principles, administrative systems, fiscal procedures and audit requirements for public and private grantees and subrecipients;
- Executive Orders from the Office of the President implementing various equal employment opportunity and environmental policies.

The applicability of these general requirements depends upon the kind of public or private organization that receives CDBG funds.

Community Based Organizations

For subrecipients that are non-profit organizations, the key regulations defining administrative requirement are:

OMB Circular A-122 “Cost Principles for Non-Profit Organizations”:

A publication of the U.S. Office of Management and Budget, this document establishes principles for determining costs that are allowed to be charged to Federal grants, under contracts, and other agreements with non-profit organizations, except educational institutions (see Attachment B).

or,

OMB Circular A-21 “Cost Principles for Educational Institutions”: This document covers much of the same subject matter as OMB Circular A-122, but is designed for use by educational institutions (both public and private).

and,

24 CFR Part 84 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations”: This document specifies standards relative to pre-award requirements, financial and program management, property standards, procurement standards, reports and records, termination and enforcement, and closeout procedures. 24 CFR 84 supersedes OMB Circular A-110 (see Attachment C).

Public Agencies

For “governmental subrecipients” (a public agency that is independent of the City Community Development Department, such as a public housing authority, parks commission, or a cooperating city under the City’s CDBG grant), the key administrative requirements are:

24CFR Part 85 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally-recognized Indian Tribal Governments” (also known as the “Common Rule”: For government entities and public agencies, 24 CFR Part 85 details standards for financial management systems, payment, allowable costs, property management, procurement, monitoring and reporting program performance, financial reporting, record retention, and termination.

and,

OMB Circular A-87 “Cost Principles for State and Local Governments”: For government entities receiving CDBG or other Federal funds, this document is the government’s version of OMB Circular A-122. Circular A-87 establishes the principles for determining the allowable costs of programs administered by public agencies under grants or contracts from the Federal government. The principles are designed to provide the basis for a uniform approach to determining costs and to promote efficiency.

SECTION II. GENERAL OVERVIEW

A. Programmatic & Financial

To be a recipient of Community Development Block Grant funds, the program of the Subgrantee Agency (SA) must be related to and be supportive of the defined objectives in the Santa Barbara Community Development Block Grant application and the City's Consolidated Plan. The SA must also be incorporated in the State of California and receive Federal non-profit tax exempt status.

The goals and objectives previously listed in the grant application should be stated in numerical measurable terms to be met over a 12 month period. A final budget should be developed, based on the amount of funds received from CDBG using the major expenditure categories of 1) salaries 2) supplies and services and 3) capital outlay.

B. The Contract

The Contract shall contain a comprehensive statement of goals and objectives of the program and a list of the services to be provided. The goals used should be consistent with those outlined in the grant application, with modifications, if necessary due to a lesser or greater funding allocation. The budget along with the goals and objectives should be submitted to the Community Development Staff either prior to or during (at the latest) the contract negotiation process.

The Contract shall also contain the following information: location of any facility funded (unless confidentiality is requested and approved by staff); the target population by age, income group, race, ethnic and sexual make-up, and geographic sources of clients by census tracts or municipal boundaries. These statistics will be required to be submitted on a monthly basis.

SECTION III. FINANCIAL RESPONSIBILITIES

Each SA program will be assigned a six digit code which will identify the program. This number should be included on any reports/correspondence.

Back up invoices and documents submitted to the City should be legible; receipts for purchases made by the agency shall be completed by the seller or provider of the goods and services, not by the purchaser. Full explanation will be required for each debit.

A. Financial Records

The subgrantee Agency's financial records shall be based on an accrual accounting system. Accrual accounting means that revenues are recorded in the accounts when earned and the expenditures are recorded as they initially are incurred. No transactions may be conducted on a cash basis.

Back-up invoices and documents will be required by the City so as to receive full reimbursement. No agency or project may obligate any funds or incur reimbursable expenses without a final fully executed contract in their possession unless permission to do so is granted to do so by the Community Development staff.

B. Record Maintenance

1. Program accounting records should be closed on the last working day of each month and reported to the Community Development Staff on the **Subgrantee Agency Request for Payment Form** (CDSG-4/page 21) within seven days following the end of the month. If that day falls on a weekend, reports will be accepted the following Monday. A copy of all payroll reports, invoices and/or receipts being requested for reimbursement must be attached to the Request for Payment Form.
2. In maintaining accounting records, general ledger entries shall be recorded by the related expenditure code and the check number or time card to verify expenditure.
3. All invoices shall be verified and coded with the related expenditure code on the face of the invoice.
4. At midyear, the Subgrantee Agency Mid-Year Budget Control Form (CDSB-6/page 23) must be submitted. This will give both staff and the Subgrantee Agency a chance to see if any budget revisions are necessary so as to end the fiscal year in line with the proposed budget.
5. The Subgrantee Agency shall keep weekly personnel accounts of the number of hours worked, paid holidays, vacation, and sick leave expended by each Block Grant funded employee.

6. The Subgrantee Agency will report all private vehicle agency travel on the Subgrantee Agency Travel Record Form (CDSG-3/page 20).
 - a. The Form must be approved by the Subgrantee Program supervisor before the mileage is submitted for reimbursement to Community Development Staff. The purpose shall be clearly listed for each trip.
 - b. All Forms will be reviewed and audited by the Community Development Staff.
 - c. Program accounting records will be evaluated at various times during the program year by the Community Development Staff or their designees for compliance with the Contract.
7. A letter signed by the Board of Directors President shall be provided to the Community Development Staff for approval regarding the Subgrantee Agency's policy for:
 - a. Vacation and sick leave accumulation.
 - b. Indicate when an employee is eligible to take the time off for vacation and sick leave.
 - c. A list of paid holidays for the Subgrantee Agency's personnel.
 - d. The number of hours that make up a full work week.
8. The Subgrantee Agency will transmit the following information to the Community Development Staff on the Subgrantee Agency Fiscal Management Form (Exhibit D/page 19):
 - a. Bank account name.
 - b. Bank account number.
 - c. Bank name and branch location.
 - d. Subgrantee Agency's authorized signatures (there must be two signatures on each check written) and their respective titles.

C. Expenditure Codes

1. Salaries – These codes will be used for all positions which will be funded by the CDBG Program. The following information shall be provided on an attached sheet:

- a. Job Title and Job Description
- b. Number of hours per week the person will work in program
- c. Rate of pay per hour.
- d. Total cost of position along with training and other benefits.
- e. Statement as to whether position will be funded for the entire year or just part of the year.
- f. Expenditure codes and code names:
 - 0010 - Salaries
 - 0050 - Group Insurance
 - 0060 - Worker's Compensation Insurance
 - 0070 - Retirement
 - 0080 - Unemployment Insurance.

2. Supplies and Services – expenditure codes and code names.

0420 – Insurance and Bonds – Indicate the types of insurance or bonds necessary for the project and the amount of coverage that will be provided with an estimate of the cost per policy.

0160 – Office Supplies – Include the cost of paper, forms, and stationery and other small items of office equipment with a per item cost of less than \$25.00. Include stamped envelopes and parcel post. Coffee and other staff refreshments are not eligible.

0180 – Program Supplies – Include supplies specific to the program funded (i.e. food, blankets, books, name badges).

0330 – Professional Services – Include the cost of architectural and engineering services. **NOTE: Professional services in connection with this grant shall not be contracted for without prior consultation with the Community Development Staff.**

0140 – Communication – Include an estimate of the base monthly telephone charges, long distance cost, and any necessary installation charges itemized separately. Long distance telephone calls will be itemized and require justification on a monthly basis. Full explanations shall be included as to the purpose and relationship to the goals and objectives of this grant. Phone call expenditures shall be documented and explained as to the originator, the destination and the purpose; if not related to the original intent of the grant, they

will not be eligible. You must explain how they relate to the grant goals and objectives and include this in your request for reimbursement.

0130 – Electricity and Gas – Provide an estimate of the cost of gas and electricity if not included in cost of office space rent.

0270 – Building and Property Rent – Identify the cost of the office space to be used by the Subgrantee Agency. Include the office location and the total floor space cost factor required and the services to be provided by the lessor.

0280 – Equipment and Rental – Include the costs of renting office equipment necessary to the operation of the program. The type of equipment to be rented should be specified, as well as the purpose of each item. Any rentals must be approved in advance by the Community Development Staff.

0340 – Travel and Training Mileage Reimbursement – Please use Form CDSG-3 (page 20) as back-up documentation. Include any local travel and/or out-of-city travel and training. For local travel \$.36 a mile will be reimbursed as Community Development Staff authorized per agency. Each trip shall be recorded separately and the purpose shall be listed; clients served shall also be identifiable for each trip. No long distance trips shall be taken without prior approval if they are contemplated under this grant. Written requests for approval shall be made which explain the purpose and relationship to the grant.

Reimbursement requests for long-distance trips must be documented as to:

- a. Name and location of conference or meeting.
- b. Full explanation as to purpose and relationship to original intent of grant.

Itemize all charges; explain and label them. Do not just list a series of numbers which are unidentified or a copy of an unlabeled sales ticket.

Maximum meal charges allowed on an eligible trip:

Breakfast	\$ 8.00
Lunch	\$12.00
Dinner.....	\$20.00

0440 – Rental Assistance – Assistance to pay a portion of an individuals rent for residence inside City of Santa Barbara boundaries only. Identify name of recipient, amount of grant and address of residence.

0480 – Economic Development Microenterprise Loans – Includes loans for the establishment, stabilization or expansion of commercial enterprises with five or

fewer employees, one or more of whom owns the enterprise. Identify name of recipient, name of enterprise, and amount of loan.

3. Capital Outlay – expenditure codes and code names

0601 – Construction of Buildings – Provide a cost estimate by construction phase required for construction of buildings. Include cost of all materials. **Note: New construction of housing units are not eligible under CDBG.**

0621 – Building Improvements – Provide a cost estimate by construction phase required for the renovation or rehabilitation of a building. Include the cost of building permits and materials.

0641 – Furniture and Equipment – Itemize the cost of all furniture and equipment with a per item cost of \$100 or more. Provide a statement of the necessity of the item. All equipment and furniture purchased with this grant funds shall remain the property of the City of Santa Barbara and shall be returned to the City upon completion of the grant year upon request.

0611 – Land Acquisition – Include an itemization of the acquisition price of real estate for purchase including the cost of appraisal fees, abstract or titles, recording fee, etc., involved in the purchase of the land for the Community Development program. No purchase of land shall take place without prior consultation and written approval of the Director of Community Development.

SECTION IV. REIMBURSEMENT PROCEDURES

A. Subgrantee Agency Responsibilities

1. The Subgrantee Agency must submit the **Subgrantee Agency Request for Payment Form** (CDSG-4/page 21) to the Community Development Staff within seven days following the end of the month. If that day falls on a weekend, reports will be accepted the following Monday. This Form is part of the monthly status reporting system. Please include it with your monthly report (see Section V). **Note: Payments will not be processed until the Request for Payment Form and monthly status reports are received and approve.**
2. The Subgrantee Agency Travel Record (CDSG-3/page 20) must be attached if travel or mileage expenses are being claimed. Also, a copy of any invoices/receipts being requested for reimbursement must be attached. A full explanation of every item being requested for reimbursement must be included. Explain purpose and relationship to the grant's goals and objectives.
3. As required on the Travel Record and Request for Payment Forms, the appropriate signatures must appear.

B. City of Santa Barbara Responsibilities

1. The Community Development Staff will verify and process the Request for Payment Form as quickly as possible. However, please do not expect payment immediately. Plan your expenditures and budget according to the processing time of a maximum 15 days from the date of submission.
2. Checks will be sent directly to the Subgrantee Agency.
3. For Subgrantee Agency programs which involve a Contract for construction (materials and labor), ten percent of the grant amount will be held by the City for thirty-five days after close-out of program. This is to ensure completion of work and payment for materials and services.
4. The City of Santa Barbara reserves the right to withhold payments of funds to contractors who fail to comply with all federal, state and local regulations pertaining to federally funded construction projects.

SECTION V. PURCHASING/PROCUREMENT

When it comes to spending the taxpayer's money, no matter how small the amount, it is important to ensure that the prices paid are competitive, and that the Agency (and the taxpayer) are getting good value. The rules do not require that a bargain be achieved every time, but only that a fair price is paid. This means that CDBG funds should be used to purchase what is necessary under the terms of the contract and no more. The integrity of the purchasing procedures needs to be demonstrated by documentation of the history, results and decisions behind the purchases. All subrecipients of Community Development Block Grant (CDBG) funds for capital improvements and/or purchases must adhere to a competitive bidding process.

A. General Bid Procedures – following are the basic requirements of Competitive Bidding:

- **Advertising** in newspapers, trade journals, and/or use of a bidders list.
 - Contracts cannot be **extended or renewed** without reopening the bid process
 - Subrecipients cannot use any firms on HUD's **Debarment and Suspension List**.
 - No employee, officer or agent of the subgrantee shall participate in the selection, or in the award or administration of a contract supported by Federal funds if a **conflict of interest**, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of the above, has a financial interest in the firm selected for the award.
 - Subrecipients may use one of the **methods of procurement**:
1. **Small Purchases** – used for securing services, supplies or other property that **do not exceed \$100,000 in the aggregate**.
 - Price or rate quotations must be obtained from an adequate number of qualified sources (three to five).
 - Vendors may be phoned and their names, addresses and price or rate quotations should be recorded.
 - Catalogues or price lists may also be used.
 - Vendors whose information is the most responsive to the item being procured should be chosen.
 - Written solicitation and written responses should be utilized for higher dollar and/or more complex purchases.
 2. **Sealed Bids** – contact Community Development Block Grant staff prior to utilization of this method.

- Bids are publicly solicited and a firm-fixed-price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest price.
 - Sealed bids are the preferred method for procuring construction services.
3. **Competitive Proposals** – generally used when conditions are not appropriate for the use of sealed bids.
- Request for Proposals (RFP) must be used
 - Must be publicized.
 - Must identify all evaluation factors and their relative importance.
 - Must solicit proposals from an adequate number of qualified sources.
 - Must develop a method for conducting technical evaluation and selection.
 - Must award contracts to the firm whose proposal is the most advantageous to the program, with price and other factors considered.
 - Must establish written procurement procedures including, at a minimum, the following criteria:
 - * avoidance of purchasing unnecessary items
 - * analysis of lease and purchase alternatives,
 - * solicitations provide for description of technical requirements, requirements which the bidder must fulfill, description including the range of acceptable characteristics or minimum acceptable standards, specific features of items, the acceptance of products and services dimensioned in the metric system of measurement, preference for products and services that conserve natural resources and protect the environment and are energy efficient.
4. **Non-Competitive Procedures** – may only be used with approval of CDBG staff (when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies):
- Item is available only from single source.
 - Public exigency or emergency for the requirement will not permit a delay resulting from competitive bid solicitation.
 - Awarding agency authorizes non-competitive proposals.
 - After solicitation of a number of sources, competition is determined inadequate.

Please Note: a cost analysis (i.e. verification of the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits) is required.

B. Equipment and Furniture

1. Except if otherwise agreed upon by the Subgrantee Agency and the City of Santa Barbara, the Subgrantee Agency will be responsible for acquiring the furniture and equipment needed as defined in the Contract and budget.
2. All furniture and/or equipment purchased by the Subgrantee Agency with a value of more than \$100 is considered the property of the City of Santa Barbara and shall be returned to the City upon request. A list of such equipment and furniture shall be submitted as part of the final report submitted by the agency to the City of Santa Barbara.
3. Receipts for all acquired equipment and furniture must be submitted with a Request for Payment Form (CDSG-4/page 21).

C. Fair Labor Standards must be followed by all Subgrantee Agencies.

D. Community Development Staff will provide affected agencies with necessary rules and regulations regarding bid procedures and Fair Labor Standards.

SECTION VI. PROGRAMMATIC RESPONSIBILITIES

A. Monthly Status Reports

1. The Subgrantee Agency will submit a **Monthly Status Report Form** (CDSG-7/page 24) and a **Client Total Form** (CDSG-8/page 25) within seven days following the end of the month. If that day falls on a weekend, reports will be accepted the following Monday. These reports shall be submitted monthly for a period of one full year from the beginning of the fiscal year whether or not the agency has expended all of the grant, unless written approval is received by the agency from the Community Development Staff.
2. The report will detail the month's activities compared to the annualized numerical goals indicating the number of people assisted, work completed, and any changes affecting the terms of original application for CDBG funding.
3. Monthly status report will be divided into two sections:
 - a. Monthly Status Report Form (CDSG-7/page 24) will detail monthly and year-to-date progress toward meeting the goals and objectives of the program. Monthly reports to the City of Santa Barbara shall be complete and accurate and each month's report shall include the activities performed during the immediately preceding month and shall be displayed to reflect the progress towards meeting the goals and objectives agreed upon. The agency shall include in this report Units of Service; for example: nine hours of day care per day may be one unit of service; counseling sessions based on one hour meeting with client may be one unit. The agency shall include their own definition of this Unit of Service to enable the measurement of services rendered to clients.
 - b. Client Total Forms (CDSG-8/page 25) will detail the unduplicated client population that the program has served on both a monthly and year-to-date basis. It should reflect the unduplicated number of clients which actually received assistance under the terms of the grant reports, and shall reflect the number of clients newly served for the month (not those previously reported unless so clarified). These statistics are required by HUD. Revised income guidelines will be distributed each year (or as available).

B. Staff On-site Monitoring

Periodically, at least annually, Community Development Staff will conduct on-site project monitoring. During these visits, staff will observe the operation and management of the project. Other activities conducted on these visits may include: inspection of accounting systems, client records, file organization, goal and objectives review, contract compliance, budget status/review and program performance. The details of on-site

monitoring visits will be documented, including: persons contacted, records reviewed, concerns or problems discussed, and any applicable conclusions or recommendations.

- C. Client records shall be maintained which clearly indicate specific names and residential addresses of client served.
- D. Any revisions in the Subgrantee Agency Program; either financial or programmatic must be in writing and submitted to CDBG staff for advance approval.

SECTION VII. ADDITIONAL INFORMATION

- A. Legal Actions Against Subgrantee Agency or Against the City of Santa Barbara
1. If any legal action is filed against the Subgrantee Agency by any party, said Subgrantee Agency shall immediately notify the Community Development Staff by telephone notification.
 2. If any legal action is contemplated by the Subgrantee Agency against the City of Santa Barbara or its employees, the Agency shall first notify the City of Santa Barbara Community Development Staff at least five working days in advance of any outside agency or entity.
- B. Affirmative Action
1. The Subgrantee Agency shall develop an Affirmative Action Policy and submit the executed policy to the Community Development Staff for approval. This must be submitted prior to program start-up.
 - a. This policy should be distributed to all Subgrantee Agency employees.
 - b. A written Affirmative Action Plan can substitute for the required policy statement.
 - c. No Subgrantee Agency staff may be assigned nor may any commitments be made to hire personnel until the Affirmative Action policy or Plan is approved by Community Development Staff.
 2. The Affirmative Action Policy shall include the following provisions:

It will be the responsibility of the Subgrantee Agency , in accordance with Title I of the Housing and Community Development Act of 1974 and 1977 and other related Federal regulations, to insure equal opportunity in employment, without regard to race, color, religion, marital status, national origin, familial status, sexual orientation, age, sex, ancestry, or mental or physical disability. Further, equal opportunity within the Subgrantee Agency shall include all employment practices, but not be limited to hiring, recruiting, promotion, demotion, transfer, lay-off, termination, training, and compensation practices.
 3. Under the terms of the executed Contract, failure to enforce the Affirmative Action Policy may result in the termination of the Contract.

C. Staff Selection Procedures

1. **These procedures apply to staff selection of CDBG funded projects only.** If the Subgrantee Agency has established personnel policies and procedures, they shall request the Community Development Staff to determine whether these procedures are acceptable.
2. Advertising
 - a. Advertisements for positions available shall be published in the local Wednesday or Sunday edition of the paper in the Help Wanted columns.
 - b. The following information and data shall be placed in the advertisement:
 - (1) “Opening for (list job available)”.
 - (2) List salary, qualifications required, and brief job description.
 - (3) List dates when filing closes and state the date for any exam to be given and nature of exam: oral, written, or performance.
 - (4) State that it is an opening as a Federally funded position subject to annual review and possible renewal.
 - (5) Job announcement shall be sent to appropriate community agencies and the City of Santa Barbara Human Resources Department as well as the Community Development Staff.

D. Bonding and Insurance

1. General liability insurance: Subgrantee Agency shall maintain in full force and effect during the term of this agreement, comprehensive general liability insurance with personal injury and property damage liability limits of not less than One Million Dollars (\$1,000,000) single limit coverage and Subgrantee Agency agrees that City, the City Council and members thereof, and City’s officers, agents and employees shall be named as additional insured under such liability insurance policy. A certificate of insurance evidencing such insurance coverage shall be filed with the Community Development Staff as well as a City of Santa Barbara Supplement to Certificate of Insurance. Prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be filed with the Community Development Staff.
2. Automobile insurance, liability, medical expenses, property damage and uninsured motorists coverage must be maintained by the Subgrantee Agency for all Agency vehicles to be utilized for the CDBG funded program. The amounts of coverage shall not be less than the minimum required by the State of California, but in all cases shall include the above types of coverage.
3. Worker’s Compensation Insurance as required by law.
4. Professional Liability Insurance, if applicable.

5. If the program is for rehabilitation of a building, the Subgrantee Agency must obtain owners, landlords, and tenant's form of public liability insurance (bodily injury only) with minimum of \$100,000. Proof of this coverage shall be maintained in the files of the Subgrantee Agency and made available for inspection to Community Development Staff.
6. If the site clearance of rehabilitation of a building, the Subgrantee Agency's employees, the Subgrantee Agency shall obtain public liability and property damage insurance in an amount not less than \$300,000 for bodily injury and not less than \$75,000 for property damage.
7. A copy of all executed insurance policies and bonds shall be provided to and approved by the Community Development Staff at the beginning of the program year, and upon renewal of policies. **Note: Disbursements will not be made until required proof of insurance coverage's are received in the Community Development office.**
8. In all contracts for construction or facility improvements awarded in excess of \$100,000 Subgrantee Agency shall observe the bonding requirements provided in the Federal Management Circular 74-7, Bonding and Insurance.

E. Project Supervisor

The name of the project supervisor shall be submitted to the Community Development Staff as well as notification of any change in personnel in this position. This name should be the same as the person who signs the various forms for certification, doing business, etc.

F. Davis/Bacon Prevailing Wages

Capital projects in excess of \$2,000 total cost for the construction, completion, rehabilitation or repair of any building or work financed in whole or part with assistance provided with CDBG funds, are subject to Davis-Bacon prevailing wages. **See CDBG staff prior to beginning the project.**

G. Section 3 Economic Opportunities

Capital projects in excess of \$100,000 CDBG funds are subject to Section 3 Economic Opportunities for Low and Very Low Income Persons. **See CDBG staff prior to beginning the project.**

SECTION VIII. GRANT CLOSE-OUT

A. Programmatic

1. All program records must be retained by the Subgrantee Agency for a period of five years after the close-out of the Contract.
2. If the Subgrantee Agency will cease to exist after CDBG funding ends and the Agency will disincorporate after termination of the Contract, all files and records are to be submitted to the Community Development Staff.
3. All personnel files must be separated from normal correspondence files.

B. Fiscal

1. All accounting records must be closed on the final day of the Contract and must include all accounts payable still outstanding.
2. The Agency shall submit to the City of Santa Barbara Community Development Staff, **no later than 30 days past the contract year end date**, a year-end statement of expenditures report prepared with the following columns (see Year End Report):
 - a. Total amount budgeted.
 - b. Total Expenditures.
 - c. Balance. Any funds remaining in the Subgrantee Agency account at the end of the program year will be automatically reprogrammed to the general CDBG contingency account.
3. A final audit of Subgrantee Agency financial records must be conducted by a certified public accountant, consistent with Generally Accepted Auditing Standards and Government Auditing Standards. This audit shall be submitted no later than 120 days beyond the subgrantee's fiscal year and it shall be the responsibility of the Agency to arrange for this audit and submit it to the City of Santa Barbara Community Development Staff. Agency responses to concerns or findings must be submitted within 30 days following submittal of the audit. If more than \$300,000 in federal funds is expended in a given year, the audit shall meet the requirements of OMB Circular A-133 (see Attachment D). Agencies expending \$25,000 or more will be required to submit a year-end financial report including an Income statement and a Balance Sheet.

C. Furniture and Equipment

1. All furniture and equipment purchased by the City for the Subgrantee Agency which has a City of Santa Barbara inventory control number will be returned to Community Development Staff immediately upon request. Ongoing programs must submit a formal request to Community Development Staff for the continued utilization of the piece of equipment and justification for its continued usage.
2. A list of furniture and equipment shall be supplied to Community Development Staff including the inventory, upon request, or in all cases at the end of the fiscal year as part of the Year End Report.

D. Final Program Evaluation and Reports

1. **Each Subgrantee Agency must submit a final program evaluation report no more than thirty days past the contract year end date.** This report shall summarize the final total of unduplicated clients served by the goals and objectives listed in the Contract. A Financial Summary shall also be included and a list of any equipment and furniture over \$100 purchased (Year End Report/pages 26-28).
2. The final evaluation report shall analyze the completion of the project's stated goals and objectives. It shall summarize whether or not the agency feels it attained all goals and objectives of the program, and state any procedures or actions that may have increased the effectiveness of the program.
3. If required by HUD, a complete EEO-4 form which provides Subgrantee Agency employment information to HUD must be submitted with the final program evaluation.
4. Community Development Staff will schedule an evaluation meeting with Subgrantee Agency Staff to review performance. The Subgrantee Agency Staff will be evaluated on its program performance and financial records with respect to Contract compliance. For social service programs, a participant evaluation of the services may be completed.
5. The Community Development Staff will provide a notice of findings to the Subgrantee Agency related to Contract compliance if any problems are found in the operation or Contract compliance of the agency.

SECTION IX. Community Development Block Grant (CDBG)
FORM/REPORT DEADLINES

- CDSG-1 Subgrantee Agency Budget Form**
See Page 24
Due prior to beginning of current fiscal year (with contract)
- CDSG-2 Subgrantee Agency Fiscal Management Form**
See Page 25
Due prior to beginning of current fiscal year (with contract)
- CDSG-3 Subgrantee Agency Travel and Training Mileage Reimbursement Form**
See Page 26
Due the 7th Day of each month for preceding month, if mileage or training is to be reimbursed
- CDSG-4 Subgrantee Agency Request for Payment Form**
See Page 27
Due the 7th Day of each month for preceding month
- CDSG-5 Subgrantee Agency Budget Revision Form**
See Page 28
Must be submitted prior to any change in use of funds
- CDSG-6 Subgrantee Agency Mid Year Budget Control Form**
See Page 29
Due by January 15th of each year
- CDSG-7 Subgrantee Agency Monthly Status Report Form**
See Page 30
Due the 7th Day of each month for preceding month
- CDSG-8 Subgrantee Agency Client Total Form**
See Page 31
Due the 7th Day of each month for preceding month
- CDSG-9 Subgrantee Agency Year End Report Form**
See Pages 32-34
Due no more than 30 days past the contract year end date (due July 30th)

ATTACHMENT A

CDBG FORMS

CDSG-1	Subgrantee Agency Budget Form
CDSG-2	Subgrantee Agency Fiscal Management Form
CDSG-3	Subgrantee Agency Travel & Training Mileage
CDSG-4	Subgrantee Agency Request for Payment Form
CDSG-5	Subgrantee Agency Budget Revision Form
CDSG-6	Subgrantee Agency Mid-Year Budget Control Form
CDSG-7	Subgrantee Agency Monthly Status Report Form
CDSG-8	Subgrantee Agency Client Total Form
CDSG-9	Subgrantee Agency Year End Report Form

Exhibit B

CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Subgrantee Agency Budget Form

FY _____ to _____

Subgrantee Agency _____

Project Title _____ Project # _____

Prepared by: _____

Code Name	Expenditure Code	Total Cost Per Code
Salaries:		Total Salaries: \$ _____
Services & Supplies:		Total Services & Supplies: \$ _____
Capital Outlay:		Total Capital: \$ _____
	Total Expenditures To Be Reimbursed	\$ _____

Project Supervisor _____ Date _____

Community Development _____ Date _____

This form must be submitted prior to the beginning of the fiscal year.

Exhibit D

CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Subgrantee Agency Fiscal Management Form

Subgrantee Agency _____

Prepared by _____ Project # _____

1. Person responsible for the preparation of the fiscal reports and cash claims: (Indicate the name and affix his/her signature).	
Name:	Signature:
2. If bookkeeping is handled by an outside firm, give name and address:	
Name:	
Address:	
3. In what bank are you depositing your CDBG funds: (Include Bank Account Name, Number and Branch Address).	
Bank Account Name:	Bank Account Number:
Branch Address:	
4. Person responsible for signing checks written on the CDBG bank account: (Indicate the names and affix their signatures. Two signatures are required on CDBG checks).	
Name:	Name
Signature:	Signature:
5. How frequently are financial status reports submitted to the Agency's Board of Directors:	

Project Supervisor _____ Date _____

Community Development _____ Date _____

This form must be submitted prior to the beginning of the fiscal year.

Subgrantee Agency Travel and Training Mileage Reimbursement Form

Prepared by: _____ Month Ending _____ 19____

[illegible]

Community Development _____ Date _____

**CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subgrantee Agency Request for Payment

Subgrantee Agency _____

Project Title _____ Project # _____

Month Ending _____, 20____ Prepared by: _____

Code Name	Expenditure Code	Total Cost Per Code
Salaries:		Total Salaries: \$
Services & Supplies:		Total Services & Supplies: \$
Capital Outlay:		Total Capital: \$
	Total Expenditures To Be Reimbursed	\$

*No reimbursements will be authorized without accurate and complete documentation.

I hereby certify that \$ _____ was expended for the month of _____ 20____ for the execution of the _____ Project.

Project Supervisor _____ Date _____

Authorization for payment and verification that expenditures are consistent with contracted scope of services:

Community Development _____ Date _____

**CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subgrantee Agency Budget Revision Form

Subgrantee Agency _____

Project Title _____ Project # _____

Prepared by: _____ Month Beginning: _____ 20____

Code Name	Expenditure Code	Current Budget	Proposed Budget	Change \$
Salaries:				
		Total	Total	\$ _____
Services & Supplies:				
		Total	Total	\$ _____
Capital Outlay:				
		Total	Total	\$ _____

* This form must be signed by CDBG staff before budget revisions will be allowed.

Reason for change: _____

Project Supervisor _____ Date _____

Community Development _____ Date _____

**CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subgrantee Agency Mid Year Budget Control Form

Subgrantee Agency _____

Project Title _____ Project # _____

Prepared by: _____

Expenditure Code	Appropriation	Amount Expended	Balance
Salaries:			
		Total Expended: \$	Total Balance: \$
Services & Supplies:			
		Total Expended: \$	Total Balance: \$
Capital Outlay:			
		Total Expended: \$	Total Balance: \$
		Total Expended: \$	
		Total Balance: \$	

This Form must be submitted at mid-year.

Project Supervisor _____ Date _____

Community Development _____ Date _____

**CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subgrantee Agency Monthly Status Report Form

Subgrantee Agency _____ Month/Year _____

Prepared by _____ Project # _____

Objectives	Projections	Achievements
	Month	Month
	Year to Date	Year to Date
	Month	Month
	Year to Date	Year to Date
	Month	Month
	Year to Date	Year to Date
	Month	Month
	Year to Date	Year to Date

Please use the back side of this form to inform the CDBG staff and committee of any additional programs and/or to explain any unachieved objectives.

**CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subgrantee Agency Client Total Sheet

Subgrantee Agency _____

Prepared by: _____

Month/Year _____ **Project #** _____

Number of Households or Persons Assisted (please specify "H" or "P"):

Race	Unduplicated Month (All)	Unduplicated Month (Hispanic)	Unduplicated Year to Date (All)	Unduplicated Year to Date (Hispanic)
White				
Black/African American				
Asian				
American Indian or Alaska Native				
Native Hawaiian or Other Pacific Islander				
American Indian or Alaska Native AND White				
Asian AND White				
Black/African American AND White				
American Indian /Alaska Native AND Black/African American				
GRAND TOTAL CLIENTS				

Income Level	Unduplicated Month	Unduplicated Year to Date
Extremely Low Income 0-30% of MFI		
Low Income 31-50% of MFI		
Moderate Income 51-80% of MFI		
Above Moderate Income 81% + of MFI		
GRAND TOTAL CLIENTS		

Other Characteristics	Unduplicated Month	Unduplicated Year to Date
Total Female Headed Households		
Homeless *		
Individuals		
Families		
Total Homeless		

*Homeless individuals & families who have been assisted with transitional and permanent housing.

CITY OF SANTA BARBARA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Subgrantee Agency Year End Report Form

For the period July 1, _____ - June 30, _____

1. Subgrantee Agency: _____

2. Project Number: _____ 3. Reporting Year: _____

4. Activity/Program Name: _____

5. Activity Location: _____

6. Contract Amount: \$ _____

7. Activity Description:

8. Accomplishments/Status (per contract):

CITY OF SANTA BARBARA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Subgrantee Agency Year End Report Form
For the period July 1, _____ - June 30, _____

9. Number of Households or Persons Assisted (please specify "H" or "P"):

Race	Unduplicated Year to Date (All)	Unduplicated Year to Date (Hispanic)
White		
Black/African American		
Asian		
American Indian or Alaska Native		
Native Hawaiian or Other Pacific Islander		
American Indian or Alaska Native AND White		
Asian AND White		
Black/African American AND White		
American Indian /Alaska Native AND Black/African American		
Other		
GRAND TOTAL CLIENTS		

Income Level	Unduplicated Year to Date
Extremely Low Income 0-30% of MFI	
Low Income 31-50% of MFI	
Moderate Income 51-80% of MFI	
Above Moderate Income 81% + of MFI	
GRAND TOTAL CLIENTS	

Other Characteristics	Unduplicated Year to Date
Total Female Headed Households	
Homeless *	
Individuals	
Families	
Total Homeless	

*Homeless individuals & families who have been assisted with transitional and permanent housing.

CITY OF SANTA BARBARA
 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Subgrantee Agency Year End Report Form
 For the period July 1, _____ - June 30, _____

10. Financial Summary:

Expenditure Code	Budgeted Amount	Amount Expended	Balance
Salaries:			
Services & Supplies			
Capital Outlay			
Total Expended		\$ _____	
		Total Balance	\$ _____

ATTACHMENT B

OMB Circular A-122
Cost Principles for Non-Profit Organizations

www.whitehouse.gov/omb/circulars/a122/a122.html

ATTACHMENT C

24 CFR Part 84

Uniform Administrative Requirements for Grants and Agreements with Institutions
of Higher Education, Hospitals and Other Non-Profit Organizations

(See CDBG Program Staff for a copy)

ATTACHMENT D

OMB Circular A-133
Audits of Institutions of Higher Education and Other Non-Profit Institutions

www.whitehouse.gov/omb/circulars/a133/a133.html